

Via E-Mail
Regs.comments@federalreserve.gov

Re: Docket Number R-1366

I respectfully submit these comments for consideration in drafting the new Reg. Z (TILA) revisions.

First I would like to state that I welcome any Reg. Z revisions that make the concept of APR more transparent and easier for our customers to understand. An informed consumer is the best consumer.

With that, I would like to draw your attention several issues:

1. The proposed disclosures are difficult to produce and the review period adds additional wait time to a loan transaction. Often, time is of the essence and those delays are costly for our customers.
2. We now have several disclosure forms (TILA, GFE, HUD-1) with various definitions, delivery timeframes, re-disclosure requirements, and tolerance levels. It would be more consumer-centric to align these requirements and provide a cohesive set of information to the consumer.
3. Loan originator compensation warrants additional consideration. Consumers benefit from market competition among loan officers as this results in lower pricing, better service, and lower overall fees. To maintain a high level of customer service, loan officers spend a considerable amount of time and resources cultivating relationships and marketing products. By limiting the compensation structure it would also limit the underlying motivation for excellence. In short, the consumer loses under the guise of protection.
4. The mortgage banking industry has always been a highly regulated industry. In its regulation, loan originator compensation has been monitored. With the new regulation changes, our industry cannot help but question the lack of like regulation of similar sales occupations, such as stockbrokers, car salespeople, and other commission-based sales positions. These businesses have seen the same economic strife as the mortgage industry.
5. In limiting compensation, loan originators would have no motivation to strive to find the best loan product, stay after hours, meet with customers over the weekend, or spend countless hours resolving customer credit issues leading to an eventual closing of a consumer's loan. The customers most needing this additional attention are generally the first-time homebuyers and emerging market members. Again, the consumer loses under the guise of protection.
6. Excellent loan originators who have the experience to guide customers to the best product for their financial needs will exit the market and migrate to other careers affording them income they are accustomed to based on their skill set. The mortgage consumers will be left with the remaining mediocrity.

Thank you in advance for your time and consideration of the professionals in the mortgage industry.

Sincerely,

Lisa Makoni
Sr Loan Originator